



State Board of Equalization

News Release

Michelle Steel, Member

3rd District – Rolling Hills Estates

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www.boe.ca.gov

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Michelle Steel Says California Gasoline Demand Rose 2.2% in July *Diesel's Consumption Declines 11.2%*

Michelle Steel, Third District Member of the State Board of Equalization (BOE), today released gasoline and diesel consumption figures for July 2009. California gasoline demand rose by 2.2 percent in July compared to the same month of the previous year. Demand for on-road diesel fell a substantial 11.2 percent in July from the same period in 2008.

This is the third month of slight increase in gasoline consumption.

In July 2009, gasoline demand rose 2.2 percent when Californians used 1.284 billion gallons of gasoline compared to 1.257 billion gallons the same month last year. The average California gasoline price at the pump in July was \$2.92 per gallon compared to \$4.51 in July 2008, a 35.3 percent decrease from a record high price.

State gasoline consumption had increased 0.45 percent during the second quarter of 2009 – the first quarterly increase in three years. The increased gas consumption means increased gas tax revenues.

Gasoline sold in July generated approximately \$310 million in sales tax during that month, an estimated \$109 million less than generated last year. July sales tax revenues from gasoline would have been about \$35 million less had not the state portion of the sales and use tax rate increased from 5 percent to 6 percent on April 1, 2009.

Diesel fuel sold in California during July totaled 215.77 million gallons compared to last year's July total of 243.10 million gallons, which is a decline of 11.2 percent. California diesel prices were \$2.73 per gallon in July 2009 down 44.9 percent compared to July 2008 when the average diesel price was \$4.97 per gallon.

While the diesel gallons reflected in the July numbers are down 27.3 million gallons, indicating a decline of 11.2 percent, the reduction in consumption is likely to be less. The actual decline may be closer to 17.7 million gallons, a decline of 7.3 percent, because the July 2009 figures include refunded gallons of 9.6 million gallons. The gallons included in the monthly consumption numbers are always net of audit assessments and refunds. The July 2009 refunds were larger than most and may have skewed the actual amount of decline.

Last month, the BOE reported that diesel consumption in California declined 8.8 percent in the second quarter of 2009. Diesel consumption generally follows economic activity during a recession.

The BOE is able to monitor gallons through tax receipts paid by fuel distributors. Figures for August 2009 are scheduled to be available at the end of November 2009. All monthly, quarterly, and annual figures can be viewed at: www.boe.ca.gov/sptaxprog/spftrpts.htm.

Taxable Gasoline Gallons: www.boe.ca.gov/sptaxprog/reports/MVF_10_Year_Report.pdf.

Taxable Diesel Gallons: www.boe.ca.gov/sptaxprog/reports/Diesel_10_Year_Report.pdf.

Elected to the Board of Equalization in 2006, Michelle Steel serves as Southern California's elected taxpayer advocate. In 2008, Steel uncovered a \$42 million mistake in the agency's sales tax refund procedures. Following her investigation, the tax agency refunded tax security deposits to over 5,500 small businesses.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects more than \$53 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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